

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH HOPKINS WATER DISTRICT)
FOR AN ADJUSTMENT OF RATES FOR WATER) CASE NO.
SERVICE AND NON-RECURRING CHARGES) 2007-00458

ORDER

On October 24, 2007, South Hopkins Water District ("South Hopkins") filed its application for Commission approval of proposed water service rates and non-recurring charges. Commission Staff, having performed a limited financial review of South Hopkins' operations, has prepared the attached report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and submit any written comments on Staff's findings and recommendations or requests for a hearing or an informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 10 days from the date of this Order to submit to the Commission written comments regarding the attached Staff Report or to request a hearing or an informal conference in this matter. If no request for a hearing or an informal conference is received within that period, this case shall stand submitted to the Commission for decision. If a party does not submit written comments on the findings and recommendations set forth in the Staff Report, it is presumed to have no objections to those findings and recommendations.

Done at Frankfort, Kentucky, this 30th day of November, 2007.

ATTEST:

By the Commission


Executive Director

STAFF REPORT
ON
SOUTH HOPKINS WATER DISTRICT
CASE NO. 2007-00458

Pursuant to a request by South Hopkins Water District (“South Hopkins”) for Commission Staff (“Staff”) assistance with the preparation of an application for an adjustment of water service rates and non-recurring charges, Staff performed a limited financial review of South Hopkins’ test year operations, the calendar year ended December 31, 2006. The scope of Staff’s review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein. Upon completion of the review, Staff assisted South Hopkins in the development and preparation of an application to adjust water service rates and non-recurring charges.

On October 24, 2007, South Hopkins filed its application for rate adjustment. In its application, South Hopkins stated a need for additional annual revenues above its current water service rates of \$122,425. Its proposed rates would increase the monthly bill of a customer who uses 5,000 gallons monthly and is served through a 5/8” x 3/4” connection from \$22 to \$25.08, or 14 percent.

South Hopkins also proposes adjustments to the following non-recurring charges:

Tap Fee 5/8" x 3/4"	\$800
Connection/Turn-on Charge	25
Meter Re-Read Charge	25
Meter Test Charge	50
Reconnection Charge	25
Returned Check Charge	25
Service Call Investigation	25
Service Call Investigation (After Hours)	35
Field Collection Charge	25

Based upon its review of South Hopkins' application, Staff finds that South Hopkins' proposed statement of adjusted test-period operations is reflective of normal operations and should be used to determine South Hopkins' revenue requirement. Staff further finds that South Hopkins' method of determining its revenue requirement is correct and reasonable. Accordingly, Staff is of the opinion that the water service rates and non-recurring charges proposed by South Hopkins, as shown in Attachment A of this report, are reasonable and should be approved by the Commission.

Jason Green is responsible for all revenue adjustments and calculation of the proposed water service rates and non-recurring charges. Scott Lawless is responsible for the determination of the revenue requirement.

Signatures

Prepared by: Jack Scott Lawless, CPA
 Financial Analyst, Water and Sewer
 Revenue Requirements Branch
 Division of Financial Analysis

Prepared by: Jason Green
 Rate Analyst, Communications, Water,
 and Sewer Rate Design Branch
 Division of Financial Analysis

ATTACHMENT A
STAFF REPORT CASE NO. 2007-00458
STAFF'S RECOMMENDED WATER SERVICE RATES
AND NON-RECURRING CHARGES

Monthly Water Rates

5/8" x 3/4" Meter

First	1,000	gallons	\$8.16 minimum bill
Next	9,000	gallons	4.23 per 1,000 gallons
Next	10,000	gallons	3.91 per 1,000 gallons
Next	30,000	gallons	3.59 per 1,000 gallons
Over	50,000	gallons	2.99 per 1,000 gallons

3/4" Meter

First	5,000	gallons	\$25.08 minimum bill
Next	5,000	gallons	4.23 per 1,000 gallons
Next	10,000	gallons	3.91 per 1,000 gallons
Next	30,000	gallons	3.59 per 1,000 gallons
Over	50,000	gallons	2.99 per 1,000 gallons

1" Meter

First	10,000	gallons	\$46.23 minimum bill
Next	10,000	gallons	3.91 per 1,000 gallons
Next	30,000	gallons	3.59 per 1,000 gallons
Over	50,000	gallons	2.99 per 1,000 gallons

2" Meter

First	20,000	gallons	\$85.33 minimum bill
Next	30,000	gallons	3.59 per 1,000 gallons
Over	50,000	gallons	2.99 per 1,000 gallons

3" Meter

First	50,000	gallons	\$193.03 minimum bill
Over	50,000	gallons	2.99 per 1,000 gallons

Non-Recurring Charges

Tap Fee 5/8" x 3/4"	\$800
Connection/Turn-on Charge	25
Meter Re-Read Charge	25
Meter Test Charge	50
Reconnection Charge	25
Returned Check Charge	25
Service Call Investigation	25
Service Call Investigation (After Hours)	35
Field Collection Charge	25